



Special Commentary

Timeliness of Payments -- Our Lifeline

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I have just completed an informal survey of managed care contracts and other health insurance reimbursement patterns of payments with figures submitted by other physicians. I was enlightened to find that an unexplained 90+ day delay of payment ranged from 10% to 40% of all accounts of these physicians. (Some managed care plans have delayed all payments to physicians to 90 days or more!)

It is my opinion that no other profession has to put up with this type of insurance company payment abuse. The recent AMA "model managed care medical services agreement" states:

3.5 Promptness of Payment. Each payor shall remit to Medical Services Entity the Company Compensation within forty-five (45) days of its receipt of the submission of a Claim by Medical Services Entity sufficient in detail that Payor is able to reasonably determine the amount to be paid. If additional information is needed by Payor to evaluate or validate any Claim for payment by Medical Services Entity, Payor shall request any additional information in writing

within forty-five (45) days of receipt of the Claim. Payor shall affirm and pay any valid Claims within thirty (30) days of receipt of such additional information. "...In the event that a Payor fails to make such payment in a timely fashion as specified herein, Payor shall be obligated for payment of such amounts plus interest accruing at the annualized rate of the Wall Street Journal prime rate of interest on the first day of the month on which such amounts were due plus (3) percent.

According to the AMA bulletin, "This provision should prevent the practice engaged in by some companies of silently "sitting" on unprocessed claims or delaying payment on those the company has determined are not "clean" and waiting for the physician to notice and inquire regarding the status. In the event these unnecessary delays occur, the payor will be obligated to pay interest at three percent above prime on the claims that it should promptly paid."

It seems only fair that, if insurance companies expect physicians to accept drastically reduced rates of payment, so common these days, those same insurance entities should be required or encouraged to **pay in a timely manner**. There is a real possibility that, if the abuse continues to be accepted by the medical profession, the service may have to be curtailed jeopardizing the provision of medical care to our patients.

I strongly urge each physician of Hawaii to review his/her new medical insurance contract with the goal of having that insurance entity's contract contain the model AMA provision - the promptness of payment clause. It is time for medical insurance companies to take its collective foot off our lifelines!

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